

**PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA**

**WATER DIVISION**

**RESOLUTION NO. W-4617**

**October 5, 2006**

**R E S O L U T I O N**

**(RES. W-4617), DEL ORO WATER COMPANY - STRAWBERRY DISTRICT (STRAWBERRY). ORDER AUTHORIZING AN INTERIM GENERAL RATE INCREASE SUBJECT TO REFUND, PRODUCING AN INCREASE OF \$40,000 OR 27.7% RELATIVE TO 2004 GROSS REVENUES.**

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**SUMMARY**

By Draft Advice Letter filed on June 20, 2006, Del Oro Water Company – Strawberry District (Strawberry) requested an increase of \$111,765 or 76.74% in annual gross revenue for test year 2006. To provide Strawberry with sufficient income to pay operating expenses pending the processing of the utility's general rate case (GRC), this resolution grants Strawberry an interim general rate increase of \$40,000 or 27.7% relative to 2004 gross annual revenues. This interim increase is subject to refund or increase pending Commission-approved final GRC rates.

**BACKGROUND**

Strawberry is a district of Del Oro Water Company, a Class B water utility, and serves 374 active service connections. Strawberry is located approximately 31 miles east of Sonora, Tuolumne County.

Strawberry requested authority under Section VI of General Order 96 and Section 454 of the Public Utilities Code to increase rates for water service to produce additional revenues of \$111,765 or 76.74% in test year 2006. Strawberry's request shows 2005 gross revenues of \$145,637 at present rates increasing to \$257,402 at proposed rates in 2006 to produce a rate of return of 12%.

The present rates were established on April 22, 1999 per Res. W-4144, which authorized a rate increase of \$25,170, or 24.40%.

## **NOTICE**

A notice of the full increase request of \$111,765 or 76.74% was mailed to customers on September 5, 2006. The notice also indicated that due to the current negative cash flow condition in the Strawberry District, the Commission may authorize a 27.7% interim increase in rates which may be subject to refund or adjustment upon completion of the general rate case.

## **PROTESTS**

This is an uncontested matter subject to Public Comment exclusion provided in the Public Utilities Code Section 311(g)(3).

## **DISCUSSION**

The Service Guarantee Plan for Small Water Companies (Standard Practice U-9-SM) as augmented by Res. W-4540, dated June 16, 2005, Ordering Paragraph No. 3, allows an interim rate increase for small water companies operating at a loss on a cash-flow basis. The interim rate increase provides the utility with sufficient income to cover its operating expenses. It is subject to refund or increase pending Commission-approved final GRC rates.

Strawberry is currently operating at a loss. The rate increase request was based on financial information for the period from January through December 2004. After an analysis of these records, the Audit and Compliance Branch estimates that Strawberry should be allowed an interim increase of \$40,000 or 27.7% relative to 2004 gross revenues in order for the utility to meet its cash-flow requirements.

The interim tariff Schedules Nos. ST-1, Metered Service, and ST-2, Flat Rate Service, show the recommended rates.

The Water Division recommends that the proposed interim rates shown below be granted to Strawberry:

**Schedule No. ST-1 - Metered Service (Per Month)**

Quantity Rates:	<u>Present Rates</u>	<u>Interim Proposed Rates</u>	<u>Surcharge</u>
All water, per 100 cubic feet	\$ 1.07	\$ 1.37	

Service Charge (Per Meter Per Year):

For 5/8 x 3/4-inch meter	\$ 26.90	\$ 34.35	\$ 8.80
For 3/4-inch meter	\$ 40.25	\$ 51.40	\$ 13.20
For 1-inch meter	\$ 67.00	\$ 85.56	\$ 22.00
For 1-1/2-inch meter	\$135.25	\$172.71	\$ 44.00
For 2-inch meter	\$213.83	\$273.06	\$ 70.25
For 3-inch meter	\$400.50	\$511.43	\$132.00
For 4-inch meter	\$667.75	\$852.72	\$220.00

**Schedule No. ST-2 - Flat Rate Service (Per Service Per Month)**

	<u>Present Rates</u>	<u>Interim Proposed Rates</u>	<u>Surcharge</u>
For each single-family residential unit or business establishment	\$29.92	\$38.21	\$8.80
For each additional residential unit or business establishment on the same premises and served from the same service connection	\$25.92	\$33.10	\$6.65
Main Resort, for each cabin	\$10.50	\$13.41	\$2.60
For each swimming pool	\$10.50	\$13.41	\$2.60

## **COMPLIANCE**

Strawberry has no outstanding Commission compliance orders. The utility has been filing annual reports as required.

## **COMMENTS**

This resolution is a compliance filing authorized by Res. W-4540, Ordering Paragraph 3, that pertains to an interim rate increase subject to refund. Comments were not requested.

## **FINDINGS**

1. The interim rates recommended by the Water Division (Appendices A and Appendix B) are reasonable and should be adopted.
2. The rate increase authorized in this resolution is subject to refund pending the completion of the staff investigation of Strawberry's general rate increase request.
3. This is an uncontested matter subject to the public notice comment exclusion provided in the PU Code Section (311) (g) (3).

## **THEREFORE IT IS ORDERED THAT:**

1. Del Oro Water Company's Strawberry District is authorized to file an advice letter incorporating the rates contained in Schedules Nos. ST-1, General Metered Service, and ST-2, Flat Rate Service, attached to this resolution as Appendices A and B, and to concurrently cancel Schedules Nos. ST-1 and ST-2. Its filing shall comply with General Order 96-A. The effective date of the revised rate schedules shall not be earlier than five days after the date of its filing.
2. The rate increase authorized in this resolution is subject to refund or increase pending Commission-approved final general rate case rates.

3. This resolution is effective today.

I certify that the foregoing resolution was duly introduced, passed, and adopted at a conference of the Public Utilities Commission of the State of California held on October 5, 2006; the following Commissioners voting favorably thereon:

/s/ STEVE LARSON

STEVE LARSON  
Executive Director

MICHAEL R. PEEVEY

President

GEOFFREY F. BROWN

DIAN M. GRUENEICH

JOHN A. BOHN

RACHELLE B. CHONG

Commissioners

**APPENDIX A**

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Schedule No. ST-1

**METERED SERVICE**

**APPLICABILITY**

Applicable to all metered water service furnished on a monthly basis. (T)

**TERRITORY**

Strawberry and vicinity, located approximately 31 miles east of Sonora, (T)  
Tuolumne County. (T)

**RATES**

Quantity Rates:

All water, per 100 cubic feet \$1.37 (I)

Service Charge:

	Per Meter <u>Per Month</u>		<u>Surcharge</u>
For 5/8 x 3/4-inch meter	\$ 34.35	(I)	\$ 8.80
For 3/4-inch meter	\$ 51.40	(I)	\$ 13.20
For 1-inch meter	\$ 85.56	(I)	\$ 22.00
For 1-1/2-inch meter	\$ 172.71	(I)	\$ 44.00
For 2-inch meter	\$ 273.06	(I)	\$ 70.25
For 3-inch meter	\$ 511.43	(I)	\$132.00
For 4-inch meter	\$ 852.72	(I)	\$220.00

The Service Charge is a readiness-to-serve charge which is applicable to all metered service and to which is to be added the charge for water used computed at the Quantity Rate.

The Surcharge is in addition to the regular metered water bill. The surcharge must be identified on each bill. The surcharge is specifically for the repayment of the California Safe Drinking Water Bond Act loan authorized by Decision 83-05-052.

**APPENDIX A**

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Schedule No. ST-1  
(continued)

**METERED SERVICE**

**SPECIAL CONDITIONS**

1. If the customers are charged annually, the annual service charge applies to service during the 12-month period commencing January 1 and is due in advance. If a permanent resident of the area has been a customer of the utility for at least 12 months, he or she may elect, at the beginning of the utility calendar, to pay prorated service charges in advance at intervals of less than one year (monthly, bimonthly, or quarterly) in accordance with the utility's established billing periods. Meters will be read and quantity charges billed monthly, bimonthly, or quarterly in accordance with the utility's established billing periods except that meters may be read and quantity charges billed during the winter season at intervals greater than three months
2. The opening bill for metered service, except upon conversion from flat rate service, shall be the established annual service charge for the service. Where initial service is established after the first year, the portion of such annual charge applicable to the current year shall be determined by multiplying the annual charge by one three-hundred-sixty-fifth ( $1/365$ ) of the number of days remaining in the calendar year. The balance of the payment of the initial annual charges shall be created against the charges of the succeeding annual period. If service is not continued for at least one year after the date of initial service, no refund of the initial annual charges shall be due to the customer.
3. All water bills are subject to PUC Reimbursement Fee set forth in Schedule No. UF.

**APPENDIX B**

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Schedule No. ST-2

**FLAT RATE SERVICE**

**APPLICABILITY**

Applicable to all flat rate services furnished on a monthly basis. (T)

**TERRITORY**

Strawberry and vicinity, located approximately 31 miles east of Sonora, (T)  
Tuolumne County. (T)

**RATES**

	Per Service Connection Per Month		<u>Surcharge</u>
For each single-family residential unit or business establishment	\$38.21	(I)	\$8.80
For each additional residential unit or business establishment on the same premises and served from the same service connection	\$33.10	(I)	\$6.65
Main Resort, for each cabin	\$13.41	(I)	\$2.60
For each swimming pool	\$13.41	(I)	\$2.60

The Surcharge is in addition to the regular metered water bill. The surcharge must be identified on each bill. The surcharge is specifically for the repayment of the California Safe Drinking Water Bond Act loan authorized by Decision 83-05-052. This surcharge is applicable to flat rate service not larger than 3/4-inch.



**APPENDIX B**

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Schedule No. ST-2  
(continued)

**FLAT RATE SERVICE**

**SPECIAL CONDITIONS**

1. The above flat rates apply to a service connection not larger than 3/4-inch in diameter.
2. For services covered by the above classifications, if the utility so elects, a meter shall be installed and service provided under Schedule No. ST-1, Metered Service, effective as of the first day of the following calendar month. Where the flat rate charge for a period has been paid in advance, refund of the prorated difference between such flat rate payment and the minimum meter charge for the same period shall be made on or before that day.
3. If the customers are charged annually, the annual flat rate change applies during the 12-month period commencing January 1 and is due in advance. If a permanent resident of the area has been a customer of the utility for at least 12 months, he or she may elect, at the beginning of the calendar year, to pay prorated flat rate charges in advance at intervals of not less than one year (monthly, bimonthly, or quarterly) in accordance with the utility's established billing period.
4. The opening bill for flat rate service shall be the established annual flat rate charge for service. Where initial service is established after the first day of any year, the portion of such annual charge applicable to the current year shall be determined by multiplying the annual charge by one three-hundred-sixty-fifth (1/365) of the number of days remaining in the calendar year. The balance of the payment of the initial annual charge shall be credited against the charges for the succeeding annual period. If service is not continued for at least one year after the date of initial service, no refund of this initial annual charges shall be due to the customer.
5. All water bills are subject to the PUC Reimbursement Fee set forth in Schedule No. UF.